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PROJECT NO. 51871

REVIEW OF THE ERCOT SCARCITY
PRICING MECHANISM

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PUBLIC UTILITY COMMISSION
OF TEXAS

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REPLY COMMENTS OF
ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.

Electric Reliability Council of Texas, Inc. (ERCOT) submits these reply comments to comments filed on March 19, 2021, concerning the Public Utility Commission of Texas's (Commission) project to evaluate whether the Commission should amend its rules to adjust the Low System-Wide Offer Cap (LCAP) prior to summer 2021. ERCOT does not take a position as to whether the Commission should amend its rules to adjust the LCAP prior to this summer, but offers these reply comments to help inform any decision by the Commission.

The current process for transitioning from the High System-Wide Offer Cap (HCAP) to the LCAP is addressed in ERCOT Protocol Section 4.4.11.1, Scarcity Pricing Mechanism. This is a manual process that takes a minimum of 24 hours, and up to 48 hours after the Peaker Net Margin (PNM) exceeds the PNM threshold.¹ Comments in support of an event-based trigger for the LCAP would likely require a more rapid transition from the HCAP to the LCAP.

Should the Commission agree to implement an event-based trigger or to make changes to the overall transition process, ERCOT would request direction from the Commission as to whether

¹ Paragraph (3) of ERCOT Protocol Section 4.4.11.1 provides that when ERCOT transitions from the HCAP to the LCAP, it must provide Market Participants with a Market Notice that the LCAP is going into effect for the next Operating Day (OD). On February 15, 2021, the Commission entered an order in Project No. 51617 directing ERCOT to "suspend any use of the LCAP until after the Commission's regularly-scheduled next open meeting," and to "continue to use the HCAP as the system-wide offer cap until that time." At the March 3, 2021 Open Meeting, the Commission ordered ERCOT to remove the LCAP suspension. On March 3, 2021, ERCOT notified Market Participants that ERCOT would transition to the LCAP for OD March 4, 2021, and that the Day-Ahead Market for OD March 5, 2021, would use the LCAP value. While ERCOT has the functional ability to manually transition the HCAP to the LCAP in under 24 hours, the current ERCOT Protocols provide that the transition occur on the next OD.

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ERCOT should shorten the transition process through an automated solution. ERCOT would also request that if the Commission decides to adjust the LCAP prior to summer 2021 or otherwise takes action that would impact the transition process, it adopt clear, objective criteria for transitioning from the HCAP to the LCAP.

ERCOT appreciates the Commission's consideration of these reply comments and would be pleased to provide any additional information.

Respectfully submitted,

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